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No. 3--Political Pointers--No. 3

Wise Expenditure
AND
Unprecedented Progress



Liberal Methods and Results
CONTRASTED WITH
Conservative Habits and Disasters.

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Justly Proud.

No part of the record of the Liberal Government appears in a more favorable light than that pertaining to the finances of the country, and the Liberals are justly proud of it. It will warrant the closest criticism and examination, and the more closely it is looked into the more clearly will it be seen that the administration has been sound, progressive and business like, and has redounded to the great advantage of the whole people.

It is true, as stated by the Conservatives, that both the ordinary and capital expenditures have been increased, but nevertheless the principles of economy advocated by the Liberals when in opposition have been adhered to. There has been economy in the true sense of the term. Economy is not parsimony; it means wise and prudent expenditure for necessary purposes. No one ever seriously supposed that with the increasing business and development of Canada there would never be any increase in expenditure. The Liberal party, though they severely criticized the expenditure of the Conservative Government in past days, never said the expenditure of the country would not increase. What they claimed was, that the increase of expenditure under the Conservatives was out of all proportion to the increase of business and general development. During the last five years of Tory rule the country practically stood still, yet there was no attempt at financial retrenchment in unison with the times and condition. In the last three years of Conservative administration deficits in the annual accounts amounting to nearly six million dollars were recorded, and the public debt was increased by nearly seventeen millions of dollars. The tariff, too, bore more heavily than it should on the consumers. The country also had ample evidence that many of the expenditures had been corrupt and extravagant. Ministers of the Crown were shown to have been in league with public contractors for improper purposes. The political mind of the country was shocked by the disgraceful disclosures in the McGreevy-Connolly, and Langevin cases; the notorious Curran Bridge affair; the Langevin Block scandal; the Tay Canal extravagance, and many other similar cases.

The Conservatives in their criticism of the expenditure of the Liberal Government compare to-day with 1896, without making any allowance whatever for the improved conditions. They deliberately, and with political

malice aforethought, close their eyes to the fact that the Canada of to-day, from the point of view of progress and prosperity, differs from the Canada of 1896 as light from darkness. They ignore the public records which tell a story of wonderful development all along the line, of astonishing expansion of trade and commerce, of new Territory opened up, of great influx of immigrants and of abundant prosperity, and they calmly ask the people to blame the Government for extravagance.

It will be apparent that such an attitude is not only most unfair but most misleading, and it is not likely to raise the Conservatives in the estimation of thinking people.

Increased development, increased trade, increased developed territory, and increased population involve increased national expenditure. As a business man's expenses increase with the expansion of his business, so do a nation's. There are hundreds of business men in Canada to-day who are paying out for business expenses two or three times as much as they paid six years ago, yet no one would have the temerity to say that such additional expenditure is of itself conclusive evidence of incapacity or extravagance.

No attempt is made by the Government or their supporters to deny the fact that the expenditure of Canada has grown since 1896, but they claim that it has grown for good and proper purposes, and far from apologizing for it, they refer to it with pride, believing as they do that it has been one of the instrumentalities which has brought about the growth and progress we have witnessed in recent years. The expenditures have been liberal and prudent in the public interest, and they have done much to help the people generally. The Government kept pace with the times, and made due provision for the future.

We will now Proceed to Examine the Figures.

The expenditure on consolidated account, which is the ordinary annual expenditure, increased from \$38,132,005 in 1895, to \$51,691,902 in 1903, an increase of \$13,559,897. The year 1895 is adopted for comparison for the reason that it was the last fair year's expenditure under the Conservatives. An election was expected in the year following, and with the object of making a good showing, and also to conceal an enormous deficit which was looming up, the estimates for that year (1896), except in regard to

fixed charges, were purposely reduced. In short, the accounts were temporarily cooked. No provision was made for the expense of the annual drill of the militia, and as a result of the lack of drill for a year, the militia was badly demoralized. Another way in which the Conservatives temporarily reduced expenditure was by neglecting to make the necessary repairs to public works. Moreover, in many of the Departments, the accounts for 1896 exceeded the Parliamentary appropriation, and the Liberals had to make good the deficits when they came into power. For these reasons we contend it is not only fair, but absolutely necessary for a proper consideration of the subject, to compare 1895 expenditure, instead of 1896, with that of 1903.

Under the head of *CAPITAL* the Liberals spent in the last seven years \$64,885,608, as compared with \$37,982,642 expended during the last seven-year term of office of the Conservatives.

Now, if it could be shown that this increased expenditure had been met by imposing additional burdens in the shape of taxation on the people, or by unduly increasing the public debt, the Government might be fairly criticised, but the fact is, and it is worthy of very special consideration, that the increased expenditure, necessitated by the great development and progress of the country, has been met without increasing the rate of taxation, without imposing additional burdens on the people, and without unduly increasing the public debt. On the contrary, the rate of customs taxation, which is the greatest source of revenue, has been, and is, considerably lower, postage rates are much smaller, and the public debt has been increased at a very much smaller ratio than previously under Conservative administrations, and it is to-day \$3 per head less than it was in 1896. It should be mentioned here that the excise duties were slightly increased, but as they apply only to luxuries, which are recognized by all classes of thinkers to be legitimate sources of revenue, they cannot be said to be a burden.

The lower customs tariff (reduced as it was purposely in the interests of the people) produced large revenues, and enabled the Government to make liberal expenditures to keep pace with the advancement of the country, and to develop transportation and other facilities in the interests of our trade and commerce, without placing additional burdens on the population of to-day, and without laying up a store of obligations for future generations to meet. When the Conservatives were in office, their customs tariff bore heavily upon

the people, yet was not designed to produce large revenues, and they were obliged to go into debt to pay for the public works they carried on.

The Proof of these Statements is Easy to Furnish.

First, take the customs tariff. It is generally recognized that it was reduced substantially; we cite the attitude of the Conservatives in evidence. At one time it suited their purpose to declare that the Liberals had maintained the national policy in its entirety, and that it was solely because they had done so that the country was so prosperous. Gradually, however, the facts percolated into their understanding, and they now openly and bitterly blame the Government for reducing duties.

But let the facts speak for themselves.

In 1896, under the Conservative tariff, \$18.28 was charged by the customs on every \$100 worth of goods imported into the country. In 1903 only \$15.88 was so charged. Although this is a reduction of 13%, it may seem small to you, but apply it to the total importations of 1903, and you will find that if the Conservative rate had been charged, more duty to the amount of over five and a-half million dollars would have been collected.

But Conservative politicians have argued in the House of Commons, that in making the calculation, Coin and Bullion, and Indian Corn that comes into the country but is not consumed here—being afterwards exported—should be deducted. Well! taking them on their own ground, we find that the average rate of duty imposed in 1896, after deducting Coin and Bullion, was \$19.19, whereas it was only \$16.60 in 1903—deducting Coin and Bullion and Indian Corn imported but not remaining in the country. If the Conservative average rate of 1896 on this basis had been in operation in 1903, nearly six million dollars more duty would have been collected.

The Conservatives have further argued that it is not fair to make a comparison with the year 1896. Well! we will take their full term of office. The average duty charged by them during their eighteen years of power was \$19.10 on each \$100 of goods imported. Since the Liberals came into power the average duty was \$16.49. If the Conservatives average rate had prevailed during the seven years from 1896 to 1903, over thirty-two million dollars more duty would have been paid into the Treasury.

In this connection, the stock argument of the Conservative party might be referred to. They state that when they left office, they were taking less than twenty-one million dollars per annum in customs taxes, whereas last year (1903) thirty-seven million dollars were collected, and they endeavor to argue that the increase represents additional burdens imposed upon the people. A little consideration will, we think, show any unprejudiced man that that is one of the most fallacious arguments ever advanced by a political party. It is purposely designed to mislead the people by beclouding the issue. The volume of customs revenue is not in any sense a measure of customs taxation; the true and only fair test is the average rate of customs duties, and, as has been established in the foregoing paragraphs, such average rate has been substantially reduced under the tariff introduced by the Liberal Government. There are two reasons for the increase in customs revenue. One is, increase of population; the other is an increase in the purchasing power of the people. During the last seven years the people have been very prosperous, and consequently their purchases of commodities have been greater and heavier, *but they have paid less money for customs duties on each hundred dollars worth of the goods they have imported than they ever did on the average since 1878.* If the importations last year had been the same in point of total value as they were in 1896, less duty to the amount of two and three-quarter millions would have been paid than was paid in 1896. The Government have no power or control over the quantity of imported goods the people may buy; all they can deal with is the rate of duty to be levied thereon, and when, as has been shown, they have reduced the average rate of duty, they cannot, in fairness, be charged with increasing customs taxation.

To illustrate our argument, take the case of a manufacturer who in 1896 imported twenty tons of bar iron or steel for use in his business of manufacturing implements. On this he paid duty at the rate of \$10 a ton—in all \$200. Last year, however, let us suppose he imported to meet the demands of his increasing business 100 tons. The rate then was \$7 a ton, and he would pay \$700 in duties, or 500 more than he paid in 1896. Now, would it not strike you as absurd, if that manufacturer were to argue that because he paid more duties in the aggregate in 1903, the Liberal Government had increased the burdens of customs taxation bearing upon his industry? Similar

illustrations applied to farmers and other consumers will no doubt suggest themselves to the reader. For instance, in 1896 a man may have bought one suit of clothes from Great Britain on which he was obliged to pay duty at the rate of 5c. per pound and 30% ad valorem, equivalent to about 35%, on the average, say \$5.25 for duty, the suit being worth \$15. To-day his circumstances may be better and he can afford to buy two suits at \$15 each. The duty to-day is 23½% from England. He would therefore have to pay \$7 in duty, but the cost for duty per suit would only be \$3.50 as compared with \$5.25 in 1896.

To Continue:—

In addition to reductions in customs taxation, postage rates were substantially lowered. The domestic letter rate was reduced from 3c. to 2c. per ounce. The rate on letters to Great Britain and most of the British Colonies and possessions was lowered from 5c. to 2c. per ounce. The letter rate to the United States was also reduced from 3c. to 2c. per ounce.

It is conservatively estimated that these reductions have effected a saving to the people of about a million dollars per annum.

Public Debt.

Having shown that, notwithstanding the increased expenditure, both ordinary and capital, the taxation of commodities and necessities was lowered instead of increased, and that other public services to the people were cheapened, we will now look at the figures relating to the public debt.

The facts are that the Conservatives during their last seven years of office added to the public debt the large sum of \$20,967,391, whereas during the seven succeeding years the net addition of the debt was only \$6,417,531. Through a readjustment of provincial accounts last year, there was a reduction of debt to the amount of \$3,305,243, and if this be taken into consideration the net addition to the debt during the last seven years under the Liberals was only \$3,112,288.

During their eighteen years term of office, the Conservatives added one-hundred and eighteen millions to the debt, or about six and a half millions per annum. Compare this with an increase of less than a million a year on the average for the last seven years—saying nothing of the reductions through readjustment of provincial accounts.

In 1896 the public debt per head was \$50.96, whereas on June 30th, 1903 it was \$47.97—a reduction of \$3 per head. Taking the special reduction of debt through provincial accounts readjustment into consideration, the net debt per head at the close of the last fiscal year was \$47.37.

It is worthy of very special note that while the Liberal Government increased the debt at a very much smaller ratio than their predecessors, they spent in the last seven years sixty-five millions on capital account for beneficial public works and services, as against only thirty-seven millions spent on that account by the Conservatives in their last seven years. More than half of the said thirty-seven millions was provided by additions to the debt. As a matter of fact, the Conservatives sank the country deeply in debt to pay for their capital expenditure. Under their regime we had to discount the future heavily every year.

Surpluses.

It has long been the practice (indeed since Confederation) in striking the balance of the annual national accounts, to set off the revenue against the ordinary expenditure—capital expenditure being treated as special. Judged by this standard, the Liberal showing is an exceptionally good one. During the seven years they have been in power there was a net surplus of revenue over ordinary expenditure of \$41,380,092. Contrast this with a net surplus of only \$1,937,410, during the last seven years under Conservatives.

The Liberals advocated a tariff for revenue, and it is quite apparent from these figures that they designed one that produced the desired results.

How Has The Money Been Spent?

This, as we conceive it, is the only important question now left for consideration. The increased revenue to meet the increased expenditures was obtained, as we have shown, without adding to the burdens of the people. And the next question that naturally suggests itself is, was the money wisely expended? To this the answer is most decidedly "Yes," and we further state that the expenditure has defied the criticism of the Opposition. Speaking in the House of Commons on October 21st, 1903, the Hon. W. S. Fielding, the Liberal Minister of Finance, in reply to a motion of the Opposition condemning the increased expenditure, made the following pertinent remarks:—

"Hon. gentlemen opposite know that I am calling their attention to a simple truth when I say that in nine cases out of ten, when they rise to discuss some public expenditure it is for the purpose of asking that the Government do something on a more liberal scale than we have been doing in the past. We ask them, as we have done in the past, to point to anything that is wasteful or extravagant. They cannot do it. Usually the Public Accounts Committee is the body that investigates these things. I venture to say that never in the history of this Dominion was there such a farce as the meetings of the Public Accounts Committee during the present session. We could not get the hon. gentlemen (Opposition) to attend. They used to come and introduce a motion that somebody be summoned. They would give notice that they intended to move to enquire into something, but when the time came for them to make the motion, they would not be there, or they had not called the witness, or something else would happen, and really the thing became laughable in the end. The Public Accounts Committee adjourned, and there was practically no enquiry into the public accounts of the past year. Why? Not because hon. gentlemen opposite were not able, not because they were too generous to avoid an enquiry into the expenditures of the Government, but simply and solely because they found there was no ground for attacking the expenditures."

It might be justifiable to leave the Liberal case at that. The fact that the Opposition, who are in the best position to criticize, and whose duty indeed it is to criticize, the finances, have been unable to point to, or prove, any wrong doing, is pretty strong testimony in behalf of the Government. But, while the Conservatives have been unable to prove wrong doing or extravagance, they have indulged in their usual wild talk, and their press has been filled with the most extravagant statements on general lines, with the intention of misleading the people. As we previously stated, the Conservatives seem utterly unable, politically, to grasp the immense change that has come over the face of Canada in the last seven years, and all their statements respecting the finances are based upon Canada as it was in their time. They pile up totals of expenditure and say in their grandiose way, without stopping to scrutinize details, "Look at the extravagance of these Grits. Isn't it awful?"

It will, we think, be evident that to fully answer the question as to whether the money has been wisely spent would involve a scrutiny of the most minute details, and volumes would be necessary to explain the results. This, of course, would be too large a task to undertake, and in this article we can only explain and justify the expenditure in a very brief and summary way. Our object principally will be to point out the salient causes for the increases in the main without burdening the reader with too much detail.

Dealing first with the ordinary annual expenditure, as previously set forth, this had been increased in 1903 by \$13,559,897 over 1895. We propose to show that a large portion of this increase was brought about and absolutely necessitated by increased business; that a large part of it was counter-balanced by increased revenue; that a considerable portion of it was due to increase of population and to the development of new territory; that some of it was due to increase in the price of supplies and labor, and that on the whole an ample return or benefit has been received or has accrued for every dollar expended.

To commence with, let us take the *Post Office Department*. The expenditure for the two years stated was as follows:

1903.....	\$4,105,178	<i>Vide Public Accounts</i>
1895.....	3,593,647	
<hr/>		
Increase, 1903.....	\$ 511,531	

The sole reason for this increase of business, which is proven by the expansion of revenue, the large increase in the volume of mail matter handled, the increase in the number of post offices and money order offices, and development of postal facilities generally.

But, while there was an increase of half a million dollars in the expenditure, there was a very much larger increase of revenue, notwithstanding decreased postage rates. 1895 the revenue of the Department was \$2,792,789, whereas in 1903 it was \$4,397,832.

In the closing years of Conservative rule large deficits in the Department were of annual occurrence. Indeed when Sir William Mulock took office he was confronted with a deficit of \$781,142. By the application of sound business methods he quickly reduced the disproportion between revenue and expenditure, and soon had the Department on a self-sustaining basis. When this desirable object had been achieved, he substantially reduced the postage rates, and thereby effected a saving of about a million dollars per annum to the people. For a year or so, after these reductions were made, the revenue fell behind the expenditure to some extent, but the freer use of the mails, encouraged by lower postage, soon brought it up again, and last Session the Postmaster-General was able to make the gratifying announcement to Parliament

that the Departmental finances for the year ending June 1903, showed a surplus of \$292,702 over all expenses.

The following table, showing increase of work and business since the Liberals came into power, illustrates the necessity for the increased expenditure :

	1896	1903
Post Offices.....	9,103	10,150
Number of miles mails carried.....	30,551,683	35,509,412
Number of letters carried.....	116,028,000	234,991,000
Total amount of money transmitted by Money Orders and Postal Notes.....	\$13,081,860	\$28,904,096

Customs Department.

Next look at the Customs Department :

Expenditure, 1903.....	\$1,229,028
" 1895.....	917,632

Increase, 1903 \$ 311,396

This is an increase of 34 %, but for the corresponding period the Customs returns increased by 108 %.

Gross revenue, 1903.....	\$37,110,354
" 1895.....	17,887,269

Increase, 1903..... \$19,223,085

The only fair way to test the financial administration of this Department is by a comparison of the percentage cost of collection. In 1895 it cost \$5.13 to collect every \$100 of customs duties, whereas last year it only cost \$3.31 per \$100.

The Department has to-day twice the work to perform that was done in 1895, and it will be apparent, therefore, that increased expenditure was necessary. There are about 250 more officers on the staff as compared with 1895, and the expenses for cartage of goods, stationery and books, and general contingencies have increased with the growth of importations. Many new offices had to be opened in the newer parts of the Dominion, new services such as the establishment of a Statistical Branch for the publication of monthly trade reports, and the uniforming of Customs Offices account for a considerable portion of the increase.

Yukon.

For the government of the Yukon Provisional District last year the sum of \$782,806 was expended. In 1895 there was no corresponding expenditure. Last year a further sum of over a million dollars was spent in the District for services of various departments, such as Customs, Post Offices, Mounted Police, Interior Public Works and Justice. Since the gold rush began the total sum of about eight and a half millions has been spent on ordinary account, but in return there has been revenue from the District to the amount of nine and a half millions. On capital account about two millions were expended during the period.

The Intercolonial Railway.

About one-fourth of the total increase of expenditure for all purposes, under the Liberals is represented by increased working expenses of the Intercolonial, due to the doubling up of traffic and business generally. In 1895 the working expenses amounted to \$2,936,902, whereas in 1903 they had jumped to \$6,196,653, an increase of \$3,259,751. The increased earnings, however, more than compensated us, the revenue in 1903 being \$3,383,606 in excess of that of 1895. Last year the road showed a surplus of \$127,670, and for the year previous one of \$96,822. The following figures illustrate the increase in the business handled :

Passengers carried :	Tons of freight carried :
1895.....1,352,66	1,276,816
1903.....2,404,230	2,790,737

It is a self-evident proposition that as the business of a railroad increases its expenses also increase.

Sinking Fund charges for the two years under comparison were :

1903	\$2,620,588
1895	\$2,002,311
Increase.....	\$ 618,277

As most people know, this account is in the nature of a cross entry, representing, as it does, money set apart to meet the Public Debt. It cannot, therefore, be classed as an expenditure in the ordinary sense.

The Interest

paid on the *Public Debt* last year was \$11,068,139, and in 1895, \$10,466,294, or an increase last year of \$601,845. But it should be carefully noted that, during the same period, the interest we received from investments increased by \$684,907. The Finance Minister, in the House of Commons, on October 21st last, estimated that there would be a reduction in the interest charge, of \$440,990, on the operations of the current fiscal year. He arrived at this amount by calculating upon a decrease of \$177,727, in payments for interest, and an increase of \$263,263, in receipts of interest from investments.

The Agriculture Department

is responsible for an increase of \$488,282, under the heads—Arts, Agriculture, Statistics and Quarantine, but as we shall presently show, the extra amount has been expended for very beneficial purposes. Of the increase stated \$150,000 represents increased expenditure for the promotion of agricultural and dairying interests, including Experimental Farm expense. The amount spent for such purposes in 1903 being \$300,000, as against only \$150,000 in 1895. Under the Conservatives the assistance to these interests consisted chiefly in advances for the purchase of butter for export, and for winter dairying, and in providing for the administrative staff, the members of which went about the country lecturing. The present Minister of Agriculture—practical farmer as he is—has gone farther than his predecessors, and has instituted many new and improved methods to aid the agricultural community. For instance, he established a Live Stock Branch, with a capable Commissioner to promote the Live Stock interests of the country. A poultry division was provided to spread education as to the best methods of fattening and preparing poultry for export. Cold storage of the best kind was established and brought to a high degree of efficiency. A seed division was established and the growth of tobacco was stimulated. Officers were appointed in Montreal and in Great Britain to supervise the lading and unlading of shipments of dairy products and fruit. An agriculturist was appointed at the Experimental Farm, Ottawa, who is running a 200 acre farm as a stock farm. In addition to this Chemical Experts and other employees have been added to the staff of the farm to carry on the continually expanding work.

In 1895 the sum of \$22,000 was spent under the head of cattle quarantine. Last year the expenditure was \$110,000. This branch of the work of the Department has been greatly developed and improved in efficiency under the Liberals, with splendid results. Under the amended Contagious Disease Act, and a mutual arrangement in 1901 with the United States, a thorough system of inspection was established throughout the country. Pathological research was instituted into various diseases, chiefly tuberculosis and the piteous cattle disease. As an incident in the vigorous campaign of the Department towards stamping out hog cholera, \$43,000 were paid as compensation for the slaughter of infected hogs. Last year the Quarantine Branch was successful in preventing the spread to Canada of the dreaded foot and mouth disease which broke out so near us as the States of Maine and New Hampshire.

For human quarantine there was an additional expenditure of about \$70,000, due to strenuous measures taken to guard the country against the introduction of smallpox.

An extra expenditure of \$60,000 was incurred for exhibitions. The Department has given special attention to this branch of work with very beneficial and creditable results. Splendid exhibits were made during the last fiscal year at Cork, Wolverhampton and Osaka, Japan. Money spent for these purposes is wisely expended—provided the exhibits and display and management thereof be creditable. In these respects it is generally conceded that the country put its best foot forward. In this connection the appointment of Mr. Wm. Hutchison, Ex.-M. P., of Ottawa, as permanent Exhibition Commissioner, is admitted by all to be a capital move.

For the Census there was an expenditure last year of \$106,000. There was no corresponding expenditure in 1895.

Fumigating Stations on account of the San Jose Scale, cost \$3,209. For printing and distributing reports and bulletins of Experimental Farm, an expense of \$7,000 was incurred; \$5,550 for the classification of Patents (a new service).

Public Works.

For the construction, rental and repairs of public buildings, the construction and repair of wharves, breakwaters, boat channels, etc., dredging, slides and booms, roads and bridges and telegraph lines, the Public Works Department last year expended \$4,090,553, as against an expenditure of \$1,742,316 in 1895, the increase being \$2,348,237. Of this increase \$600,000 represents additional expenditure on public buildings. The expenditure has been generous for this purpose, but we submit the buoyant state of the revenue justified it, and we claim also that the money has been wisely and economically expended. About a million and a half dollars more were spent in 1903 on wharves, breakwaters, piling, dredging, etc., with the object of cheapening and facilitating means of transportation. The expenditures of this nature were spread over the whole Dominion, from the Atlantic to the Pacific and up north to the Yukon.

A Number of Items.

For *Immigration* last year \$447,261 more was expended than in 1895, and we need only cite the great influx of settlers to the North-West as evidence of the wisdom of the expenditure.

The greatly increased development of the *North-West* has necessitated larger grants towards the *Local Government*. Under this head last year \$802,466 was spent as compared with \$303,626 in 1895.

The *Militia* accounts for an increase of \$388,996 which is due to increase in the strength and efficiency of the forces. In 1895 the Militia strength was 35,000, to-day it is 42,000.

For the *Mounted Police* the additional expenditure last year was \$343,909 over 1895; but when it is explained that \$590,702 was spent for service in the Yukon for which there was no corresponding expenditure in 1895, it will be seen that there was an actual decrease in 1903 against 1895 comparing service with service.

The *Administration of Justice* cost last year \$959,948, as against \$755,682 in 1895, an increase of \$204,266. Of this increase \$120,000 is accounted for by Yukon expenditure, which is entirely new. The salaries of additional judges appointed in all the provinces, and increase of administra-

tive work in the N. W. T. account for the balance of the extra expenditure. If the Conservatives had had their way last session future expenditure under this head would be largely increased. Without exception almost they advocated the payment of much higher salaries all round to the judges.

Subsidies to Provinces amounted last year to \$4,402,502, an increase of \$151,828. The details are :

Increase to Prince Edward Island.....	\$28,921
" Manitoba.....	50,734
" British Columbia.....	64,387
" New Brunswick.....	7,793

Under the head of *Legislation* there was a decrease last year of \$152,366 as compared with 1895. This is due in part to the fact that the last session of Parliament extended beyond the last fiscal year, which ended on June 30th, and part of the expenditure connected therewith will therefore go into the current fiscal year's accounts. If the last session had been a normal one, the total expenditure for legislation last year would have been about \$40,000 or \$50,000 in excess of 1895. When we take into consideration the fact that the sessional indemnity of members and senators was increased with the approval of all of them from \$1,000 to \$1,500, it will be seen that the increase on the whole is very small. A very great saving was effected by abolishing the Franchise Act, with its cumbrous and expensive machinery.

The Marine and Fisheries Department.

has been very active under Liberal rule, and very many steps have been taken towards improving aids to navigation, and fostering the great Fisheries interests of the country. Special attention has been directed to the St. Lawrence route, with the object of obviating objections of underwriters which have operated to our disadvantage, and of popularizing the route by making it as safe as possible for navigation. In this connection the Department has been most energetic and enterprising of late, and the beneficial results of their action made itself manifest during last season of navigation.

All over the country, from the Atlantic to the Pacific, the improving hand of the Department in recent years can be seen, the evidences being new Lighthouses, Range Lights, Beacons, Fog Horns and other alarms, Sirens, Signal Stations, Buoys and Light Ships.

These improvements have cost money, and a good deal of it, but it is a fact that, outside of picayune criticism as respects supplies, very little real objection has been offered in Parliament by the Conservatives to the additional expenditures that have been incurred.

Under the two heads, Ocean and River Service and Lighthouse and Coast Service, the expenditure increased from \$680,995, in 1895, to \$1,381,280 in 1903, or an increase of \$700,285. Of this increase, \$305,165 represents an extra expenditure for the construction of Lighthouses. The money spent for this purpose in 1895 was only \$12,219. The salaries and allowances of Lighthouse Keepers increased by nearly \$22,000, due chiefly to the increase in the number of Lighthouses. Maintenance and repairs to Lighthouses also cost \$64,250 more. Last year \$80,000 were expended towards the construction and equipment of a steel Light-ship, made in Canada, for Lurchers Shoals, a most dangerous place for navigation. Over \$100,000 more expense was incurred last year for Dominion steamers. In recent years our fleet has been added to by three first-class large vessels, and a number of small ones. The sum of \$90,465 was spent last year in payment of the balance of the contract for a new steamer to replace the "Newfield."

Rewards for life saving were increased from \$6,591 in 1895 to \$9,306 in 1903. Salaries of necessary extra temporary officials at Ottawa amounted to about \$7,000, and \$5,273 were expended in connection with Montreal Pilotage Commission Court, and Montreal Dry Docks Commission. Tidal Service cost \$3,012 more, and Cattle Shipment Inspection (a new service) cost \$3,026. Minor services account for the balance of the increase.

For the *Fisheries* the expenditure in 1895 was \$443,822, as compared with \$527,829 last year. An increase last year of \$84,007. Of this increase \$37,610 represents increased expenditure for Fish Breeding, very special attention having been devoted to this branch of the work. \$11,331 was expended for cold storage for bait for the deep sea fishermen, a new and admirable service instituted by the Liberals, which has been very much appreciated by the fishermen of the Maritime Provinces. The sum of \$23,695 was paid as the balance for a patrol vessel in the waters of British Columbia for the protection of the Fisheries. This is another new service. The balance of the increase is accounted for by legitimate increased expense for Fishery Overseers, and Inspectors, and vessels.

Marine Hospitals expenditure shows an increase of \$10,161, due to a new wing being added to the hospital at Sydney, and repairs to the hospitals generally.

Steamboat Inspection cost \$3,787 more, but the revenue increased in proportion.

Under the Heads, Geological Survey and Scientific Institutions, the cost increased from \$145,392 to \$205,500, due in part to more extended surveys and explorations, in part to the Meteorological Service and to some extent to more extended operations in connection with Hydrographic Surveys.

Branches of the Administration.

Penitentiaries in 1895 cost \$449,599, and in 1903, \$477,839—an increase of \$28,240, or about 6% in eight years. The reasons for this may be briefly cited as follows:—

- (1) Purchase of a new quarry for Kingston Penitentiary during 1903
- (2) Installation of brick-making plant at St. Vincent de Paul.
- (3) Increased salaries of officials on account of increased living expenses.
- (4) General increases in the price of supplies.

Inspection of Staples cost last year \$66,261 as compared with \$2,354 in 1895. The reasons are new and improved methods, and greatly increased efficiency in the public interest. In 1895 the expenses incurred were for the different standard Boards in connection with the selection of grain and flour samples. There were no salaried officers then. To-day there is a Chief Inspector of hides, an Inspector of binder twine, two Chief Inspectors and several Inspectors and Deputy Inspectors of grain, a Warehouse Commissioner at Winnipeg, and various other officials in connection with grain inspection.

Mail Subsidies and Steamship Subventions.—

1903.....	\$799,285
1895.....	513,268

Increase, 1903.....\$286,017

In 1895 there were eighteen subsidized steamship services, to-day there are thirty or more. Among the principal new services may be mentioned:—

Winter Steamship Serv. , St. John, N.B., to Glasgow, Belfast and Dublin.
 Summer " " Montreal and Quebec to Manchester.
 Winter " " Halifax and St. John to Manchester.
 Canadian Atlantic Ports to South Africa.

Recently a line between Atlantic Ports and France was assisted.

Increase of business and demands from out-lying districts also led to additional local service.

Under the head of

Civil Government,

that is the Civil Service at headquarters, the expenditure increased for the period under review \$182,564. When we consider the great expansion of the work devolving upon the Civil Service consequent upon the development of the country, the increase is most reasonable. The Conservatives during their term of office up to 1895 increased the expenditure under this head at the rate of \$35,000 a year:—The increase per annum under the Liberals has been only about \$20,000.

For the

Indians

there was an increased expense of \$122,412, due, first, to the extension of Educational facilities—and second, to large outlays for relief, seed grain, medical attention and medicine. Special attention has been directed by the Government towards the education of young Indians, in furtherance of the policy to make the Indian population self-supporting.

Superannuation.

Expenditure, 1903.....	\$346,418
" 1895.....	265,385
Increase.....	\$ 81,033

In this connection it should be particularly noted that the Liberal Government abolished the Superannuation Act, so far as appointments to the Civil Service after July 1st, 1898, are concerned. This will be a great saving to the country in future years. The Liberals substituted for the Superannuation Act a Retirement Fund, which is absolutely self-sustaining and will not cost the country a penny.

Dominion Lands.

Expenditure, 1903.....	\$186,355
" 1895.....	129,727
Increase, 1903.....	\$ 56,628

Compared with the increase in the volume of the work devolving upon the Branch, and the extra revenue derived therefrom, the additional expenditure is very small, and the proportionate cost is less to-day than it ever was.

The revenue in 1895 was \$167,869, whereas last year it was \$1,695,591. In 1903 the homestead entries amounted to 31,383 as against only 3,030 in 1895.

A large number of extra clerks had to be employed to cope with the work, and over thirty sub-agencies were established for the convenience of settlers.

The expense for collecting the

Excise Duties

increased by about \$7,000, but the percentage cost decreased from 5% in 1895 to 3½% in 1903.

The expenditure for Weights and Measures, Gas and Electric Light inspection increased from \$98,173 in 1895 to \$121,575 in 1903. Increased business and particularly the extension of electric lighting systems is the cause of this, and the additional expense is more than justified by the additional revenue. The revenue in 1895 was \$56,866, and in 1903 \$113,300.

Dominion Police account for about \$6,000 additional, due to the appointment of more men.

Increase in business and in the number of Insurance Companies is the cause of an extra expense of \$4,930 for insurance superintendence. The fees obtained from this service practically recoup the country for the expenditure.

Under the head of *Miscellaneous*, the expenditure for the two years under consideration was:—

1903	\$528,231
1895.....	217,210
Increase 1903.....	\$311,021

The expenditures classed under this item are variable, and a comparison of totals is therefore valueless. The following are the principal items comprising the total for 1903:—

Plant for Printing Bureau	\$30,922
Boundary Survey.....	47,911
Astronomical Observatory	10,497
Maintenance Assay Office at Vancouver.....	14,993
Peterson, Tate & Co., return of deposit <i>re</i> Fast Atlantic Service.....	56,940
Engraving new Maps of the Dominion and N. W. T.....	14,096
Department of Labour	20,471
Canadian South African Memorial	6,000
Marconi Wireless Telegraph Station.....	10,000
Ottawa Improvement Commission	60,000
Consolidation Dominion Statutes	12,722
Alaska Boundary Commission.....	59,993
Royal Commission Industrial Disputes, British Columbia.....	8,481
Miscellaneous Printing	45,416

As will be observed most of these are new services or considerations. The only question for thought is, Were the expenditures wise?

Capital Expenditure.

We turn now to the Capital Expenditure. As previously explained, this has been on a liberal scale. For the seven years, 1897 to 1903, inclusive, the expenditure on capital and special accounts was \$64,885,608, as compared with \$37,082,642 during the previous seven years under the Conservatives. But while there was this increased expenditure under the Liberals, the people have not felt it nearly as much as they did the smaller capital expenditure in Conservative days. As we have previously stated, the Conservatives in their last seven years term of office spent thirty-seven millions on capital account, and it should be carefully noted that twenty-one millions of this amount were added to the public debt. On the other hand, the Liberals spent sixty-five millions on capital account, and only added about six and a half millions to the debt. Taking into consideration the further reduction of debt of \$3,305,243, arising from a readjustment of Provincial

Accounts, the actual increase of debt under the Liberals was a trifle over three million dollars.

The Government were able to make liberal expenditures on great public works without imposing additional burdens on the people by reason of the fact that they have had magnificent surpluses of revenues over ordinary expenditures, whereas in Conservative days deficits were too frequent, particularly towards the close of their career.

With a very buoyant revenue the Government could have arranged it so that the surpluses could have been applied towards reducing the debt piled up by the Tories, and they might have gained credit in some quarters for doing so, but they deemed it a wiser policy to spend the money in developing transportation facilities, and in other public works of a beneficial character. Being a body of business men, they approached the national questions that came before them in a practical way, and they did not hesitate to embark in large enterprises, involving heavy expenditure, when they felt sure of their ground, and were certain that the present and future interests of the country demanded them.

We will now look at the details.

To proceed :—

The capital expenditure of the *Public Works Department* in the seven years' period under review totalled \$6,445,766. Of this amount \$2,638,311 were spent on improvement of the River St. Lawrence, chiefly below Montreal, the object being to provide a clear, deep channel down the river to Quebec, and to make the route as safe and freely navigable as possible.

Improvements were effected in the harbor of Montreal to the amount of \$503,535, in addition to the improvements made by the Harbor Commissioners, who are assisted by the Government.

There was expended on extensive breakwater works now in process of construction at Port Colborne harbor—the entrance to the Welland Canal, and a most important shipping point—the sum of \$447,440.

In the Youkon \$1,940,310 were spent in the construction of public buildings, trails, roads, bridges and telegraph lines. A telegraph line was constructed connecting the Youkon with the older parts of Canada.

In consequence largely of the fire in the winter of 1896-7, which destroyed a portion of the Government buildings at Ottawa, there was a heavy

expenditure under the head of Ottawa Government buildings, the amount being \$457,574.

Improvements at St. Andrew's Rapids cost \$94,350, and for the Levis Graving Dock there was a charge of \$96,592.

With the object of enabling vessels to get easier access to the elevators at Fort William and Port Arthur considerable sums were spent.

The St. Lawrence Canals.

The total sum of \$18,394,220 was expended in developing and completing our canal system. The details are as follows:—

Lachine Canal.....	\$ 1,055,192
Ottawa River.....	155,586
Rideau Canal.....	13,470
St. Lawrence River and Canals.....	12,875,142
Sault Ste. Marie Canal.....	833,453
Trent Canal.....	2,596,573
Welland Canal.....	864,804

When the Liberals took office they found that at the rate of progress that was being made in the development of the Canal system the work would not be completed for ten years or more. Realizing what an advantage the system would be to the country, and particularly to the farmers, the Government decided to rush the project to completion as soon as possible consistent with good work and safety, and they succeeded by 1900 in getting a clear channel of 14 feet from Lake Superior to Montreal.

Some General Matters.

The South African Contingent, and the manning of the Halifax garrison represent a total capital expenditure to date of \$2,834,516.

For Railway Subsidies, there were spent during the seven years \$11,828,321, including about three and a half millions granted as a subsidy to secure the construction of the Crow's Nest Pass Railway, which developed the Kootenay District. It will be remembered that it was a part of the bargain with the C. P. R. in connection with the Crow's Nest Pass Railway, that the C. P. R. would substantially reduce freight rates on commodities and products in the interest of western farmers.

Railway subsidies formerly in Tory days were a complete gift, but the present Government makes them conditional upon the railway companies rendering service to the Government in the shape of carrying the mails to the extent of a fair annual interest for the amount of the subsidy in each case.

Bounties on Iron and Steel, account for \$2,199,342.

Under the head of *Dominion Lands*, \$1,659,040 was spent entirely for surveys of new Districts.

The *Militia* accounts for \$2,402,171, which was expended for the following purposes :—Equipment of the force with the Lee-Enfield Rifle ; Batteries of Field Artillery, Siege Guns and Ammunition.

An allowance of \$267,029 was granted to Manitoba on account of School Lands.

Consolidated Fund, Transfers and Discount, and Expenses of Loan of 1897 amount to \$1,847,908, but these are in the nature of cross entries, and are, therefore, not important considerations.

Intercolonial Railway and Prince Edward Island Railway.

On these Government owned railways there was a capital expenditure for the seven years amounting to \$16,974,203. The principal items of this total are as follows :

Rolling Stock.....	\$5,437,451
Steel Rails and Fastenings.....	1,188,330
Increased accommodation at important places like Halifax, St. John, Moncton, Levis, Pictou and Sydney.....	2,205,456
Strengthening Bridges and building new ones,.....	795,140
Enlargement of Old and Construction of New En- gine Houses.....	267,471
Elevators, St. John and Halifax.....	283,015
Improved Ferry Service, Straits of Canso.....	627,450
Construction, Branches and Extensions.....	228,074
Purchase Drummond County Railway.....	1,464,000
Award of Arbitrators re Eastern Extension Railway	957,711
Prince Edward Island Railway, including Murray River Branch.....	1,678,674

Large sums were also spent in increased siding accommodation and other facilities along the line, and for new and improved machinery.

The Intercolonial never has been a paying proposition, but in recent years moderate surpluses of revenue over ordinary expenditures have been shown. There are various reasons for its hitherto comparatively poor financial showing, the chief of which is that the location of a large part of the road was governed not so much by commercial as by political and imperial considerations. As most well informed people know, it was projected to constitute a binding link between the Provinces by the sea and the Provinces of Quebec and Ontario, and for military reasons it was constructed as far away as possible from the American boundary. From Moncton to Levis it follows a roundabout and zigzag route, through sparsely settled and not very productive portions of the country. Then, again, it is handicapped along nearly its whole line by water competition.

It is submitted that the capital expenditure recorded above was necessary in the interests of the road and in order to cope with the increased traffic, which is to-day more than twice what it was in 1896. It is generally admitted that the railway has under Liberal management been brought up to a high state of efficiency. Indeed it is to-day the equal of any road on the continent for convenience, comfort and despatch. Its value as a public utility has been immensely enhanced, as the Maritime Province people particularly know.

In connection with the expenditure on the Intercolonial Railway, it will be remembered that the Conservative party during the last session of Parliament formally and specifically declared the Hon. Mr. Blair to be a great railway authority. He was the Minister directly responsible for the expenditure above noted, and in view of the verdict of the Conservatives as to his capacity, it is very natural to assume they will be prepared now to admit that in making said expenditures on the Intercolonial, he acted with due regard to all the circumstances.

The Conservative Attitude.

The Conservatives have made a great deal of noise in Parliament and out of it in regard to the additional expenditure, but their criticism has been as weak as the merits of their cause. As a rule, they have confined themselves to totals, and they have carefully refrained from fair enquiry into the particulars. It has sufficed them, in the main, to point to the aggregate expenditure, and pretend to be greatly alarmed and shocked. As has been shown in this article, the expenditure has grown for good and proper purposes, but it does not suit the plan of campaign of the Conservatives to take cognizance of the reasons. They have often admitted that the country has been highly prosperous in recent years, and that it has made great strides in almost every direction, but, it would spoil their argument to the people to admit what all fair-minded men believe, namely, that increased development, increased business, and expansion of civilized territory, involve increased national expenditure.

They have, moreover, been singularly inconsistent, inasmuch as, while criticising the growth of expenditure in the main, they have not been slow to criticise the Government, in particular cases, for not spending more money. For instance, take their record of last Session without going further back. They blamed the Government then for not offering a much greater amount than \$750,000, now offered on the Statute Books as a subsidy for the Fast Atlantic Service, and they found fault with them also for not making a substantial allowance towards sending Captain Bernier to find the North Pole. As an alternative to the Government policy in respect to the Grand Trunk Pacific, they brought down a policy which is generally admitted, would involve a far larger expenditure. A prominent Conservative from the Maritime Provinces abused the Government for what he termed the niggardly paltry railway subsidies brought down, and a prominent member of the party from Ontario advocated a bounty on Beet Root Sugar. Session after Session the Conservative members from Toronto have appealed for more financial assistance towards the public works of that city. Almost without exception, the leading Members of the Opposition last Session advocated a substantial increase all round in the salaries of judges.

The Public Accounts Committee is the medium for investigating expenditure, but, as the Liberal Finance Minister showed in a speech deliver

towards the close of last Session, the meetings of that Committee during the Session resolved themselves into a farce. The Conservative members of it could not be got to attend with any degree of regularity, and they accomplished absolutely nothing. They, however, recognized the fairness and impartiality shown by the Liberal Chairman of the Committee, and passed him a vote of acknowledgment, together with their thanks.

The Nest of Traitors.

During the last years of Conservative rule matters went from bad to worse, and it was no wonder the country did not progress. While the members of the Government were quarrelling and instigating election rascalities the people stood aghast in amazement; the people by their votes, however, turned the "nest of traitors" down.

The year 1896 will go down in history as the year in which Tory misrule received its quietus in Canada. It was in the early days of that year that the dissensions and bickerings which had been going on for months in the Tory Government culminated in the strike of the "Seven Bolters," which was aptly described by the then Premier, Sir Mackenzie Bowell, as "the blackest piece of political treachery on record."

The Ministers of the Crown, the sworn advisers of Her Majesty in Canada, had been quarrelling amongst themselves for months. It is a well-known principle of Constitutional Government that the Ministers of the Crown must be in perfect harmony one with another, and when they fail to agree a change in advisers is imperative. Yet here was a crowd of men, some of whom were not on speaking terms, and one of whom accused another of them of writing anonymous letters villifying his character, holding on to office week after week and month after month for the sake of gain. And all the time the Canadian public were being told by these same men "that never was the Cabinet more united than it is at the present time."

In the latter days of 1895 the Tory Government realized that its days were numbered, and that at the first opportunity the people of Canada would drive them from office. The gang of professional politicians who had been living on the Canadian public, men who could not earn a livelihood in any other way, and some of whom were actually members of the Cabinet, became alarmed and realized that something desperate must be done. They had to face the electors in a number of bye elections, and a conspiracy was hatched to make a scapegoat of the Premier, Sir Mackenzie Bowell, who was considered by them as a "stubborn old nuisance." Sir Chas. Tupper, who was then High Commissioner in London, was secretly sent for. He could be relied upon, at any rate, to let the Boodlers and Grafters dip into the public chest at their own sweet will. The general elections must take place immediately after the then coming session, and an immense campaign fund had to be provided if the gang were to have a ghost of a chance to hang on to office. In answer to the secret invitation of the conspirators, among whom was Tupper *filis*, Sir Charles left for Canada, ostensibly "to consult the Government respecting the Fast Atlantic Steamship Service." Parliament was called together for January 2nd, 1896, and meanwhile "the Cabinet was never more united."

Then came a blow which the Conspirators had not anticipated. On December 24th the good old Tory Riding of Cardwell elected an opponent of the Government by over 300 majority. On December 27th, in Montreal Centre a Liberal was elected by over 300 majority, where a Tory had been previously elected by over 500 majority. On December 30th the old Tory Riding of Jacques Cartier elected a Liberal by over 500 majority. Three such blows within a week was appalling, and the crowd became panic-stricken. A portion of the Tory press began to agitate for a change in the leadership.

Parliament met on January 2nd, 1896, and a speech from the Throne was read and the House adjourned. Still no signs of the impending "Bolt." The House was to meet again on the 7th. On January 4th the "Seven Bolters" got in their work. Hon. Geo. E. Foster, Hon. Sir C. Hibbert Tupper, Hon. A. R. Dickey, Hon. Dr. Montague, Hon. John Haggart, Hon. W. B. Ives and Hon. John F. Wood sent in their resignations as members of the Government. On January 7th, the announcement was made in the House by Sir A. P. Caron, the temporary leader of the Government in the House. A carefully prepared statement was read by Hon. Mr. Foster who seemed to be the leader of the "Seven Bolters." This statement has been characterized by old parliamentarians of both sides of politics as the most cold-blooded utterance ever made in a British Parliament, and a Tory newspaper referred to Foster as "Judas Iscariot." Sir Adolphe Caron moved that the House adjourn for two weeks, but the Opposition objected and the House adjourned for the day. It was then that Sir Mackenzie Bowell said, "I HAVE BEEN LIVING IN A NEST OF TRAITORS." No truer words were ever uttered by a public man.

The House met again on the 8th January only to adjourn. On the 9th the House adjourned until the 14th. In the meantime a determined effort was made to freeze out old man Bowell, but the "stubborn old nuisance" hung on. Then the conspirators began to realize that there was a danger of the whole thing going to smash, and that their salaries as "Her Majesty's advisers" were in danger of being lost, and they began to eat humble pie. Eventually a compromise was effected by which Tupper, father, took the place of Tupper, son, in the Cabinet, and the "cats came back." Sir Chas. Tupper eventually succeeded to the leadership of the party only to drag it down to defeat a few months later. He got his seat in the House by the appointment to the Senate of Mr. McKeen, M. P. for Cape Breton, a safe Tory Riding, for which Sir Charles was afterwards elected.

Thus ended, for the time being, one of the most diabolical conspiracies ever hatched. No wonder a leading Tory paper referred to them as "a gang of cut-

throats and rebels." Yet some of these same men are among the leaders of the Conservative party to-day, and, in the event of a change of Government, would again be among His Majesty's advisers. What a sorry plight for a political party to be in.